



SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Huadian Power International Corporation Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Huadian Power International Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 30 June 2024 and related notes set out on pages III-5 to III-10 to the circular in connection with the major transaction and connected transaction issued by the Company dated 8 November 2024 (the "Circular"). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on page III-4 to the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the proposed acquisition of 80% equity interests of Jiangsu Huadian Energy Co., Ltd., 51% equity interest of Shanghai Huadian Fuxin Energy Co., Ltd, 100% equity interest of Shanghai Huadian Minhang Energy Co., Ltd, 55.0007% equity interest of Guangzhou University City Huadian New Energy Company Limited, 55% of equity interest of Huadian Fuxin Guangzhou Energy Co., Ltd, 70% equity interest of Huadian Fuxin Jiangmen Energy Company Limited, 100% equity interest of Huadian Fuxin Qingyuan Energy Company Limited and 100% equity interest of CHD Guigang Electric Power Co., Ltd (collectively referred as to the "Target Group") (the "Acquisitions") on the Group's assets and liabilities as at 30 June 2024 as if the Acquisitions had taken place at 30 June 2024. As part of this process, information about the Group's financial position has been extracted by the directors of the Company from the Group's condensed consolidated financial statements for the six months ended 30 June 2024, on which a review report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirement of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (“HKSQM”) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of the Acquisitions on unadjusted financial information of the Group as if the Acquisitions had been undertaken at the earlier date selected for purpose of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisitions at 30 June 2024 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.



SHINEWING (HK) CPA Limited
Certified Public Accountants

Wong Hon Kei, Anthony
Practising Certificate Number: P05591

Hong Kong
8 November 2024

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is an illustrative unaudited pro forma financial information (the “Unaudited Pro Forma Financial Information”) has been prepared to illustrate the financial effect on Huadian Power International Corporation Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) in relation to the proposed acquisition of 80% equity interests of Jiangsu Huadian Energy Co., Ltd. (“Jiangsu Huadian”), 51% equity interest of Shanghai Huadian Fuxin Energy Co., Ltd, 100% equity interest of Shanghai Huadian Minhang Energy Co., Ltd, 55.0007% equity interest of Guangzhou University City Huadian New Energy Company Limited, 55% equity interest of Huadian Fuxin Guangzhou Energy Co., Ltd, 70% equity interest of Huadian Fuxin Jiangmen Energy Company Limited, 100% equity interest of Huadian Fuxin Qingyuan Energy Company Limited and 100% equity interest of CHD Guigang Electric Power Co., Ltd. (“Guigang Electric Power”) (collectively referred as to the “Target Companies” or “Target Group”) (the “Acquisitions”). The Unaudited Pro Forma Financial Information comprising the unaudited pro forma statement of assets and liabilities as at 30 June 2024. The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company (the “Directors”) in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the Acquisitions on the Group’s assets and liabilities as at 30 June 2024 as if the Acquisitions had taken place as at 30 June 2024.

The Unaudited Pro Forma Financial Information was prepared based on (i) the unaudited consolidated statement of financial position of the Group as at 30 June 2024 as extracted from the published interim report of the Company for the six months ended 30 June 2024; and (ii) the audited statements of financial position or audited combined statements of financial position of each of the Target Companies as at 30 June 2024 as extracted from the respective Accountants’ Reports of the Target Companies set out from Appendix II to this circular.

The Unaudited Pro Forma Financial Information was prepared based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes which are directly attributable to the Acquisitions and factually supportable as if the Acquisitions have been undertaken as at 30 June 2024.

The Unaudited Pro Forma Financial Information was also prepared by the Directors based on certain assumptions, estimates and uncertainties for illustrative purposes only. Due to its hypothetical nature, the Unaudited Pro Forma Financial Information may not purport to predict what the assets and liabilities of the Group would have been if the Acquisitions had been undertaken at 30 June 2024 or on any future dates. The Unaudited Pro Forma Financial Information should be read in conjunction with, among others, the financial information of the Group as set out from Appendix I to the circular and the Accountants’ Reports of each of the Target Companies as set out from Appendix II to the circular and other financial information included elsewhere in the circular.

UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP AS AT 30 JUNE 2024

As at 30 June 2024 (RMB'000)

	The Group (Note 1)	Jiangsu Huadian Group (Note 2)	Guizhou Electric Power Group (Note 2)	Shanghai Fuxin (Note 2)	Shanghai Minhang (Note 2)	Fuxin Qingyuan (Note 2)	Fuxin Guangzhou (Note 2)	Fuxin Jiangmen (Note 2)	Guangzhou University City (Note 2)	Pro Forma Adjustments (Note 4) (Note 5)	The Enlarged Group as at 30 June 2024 (Note 6)
Non-current assets											
Property, plant and equipment	131,165,965	21,015,197	1,754,379	344,447	985,443	337,587	1,941,424	727,106	516,678	3,915,802	162,704,028
Right-of-use assets	5,365,673	933,373	112,025	-	61,163	12,172	66,965	27,217	32,188	1,306,619	7,917,395
Construction in progress	7,715,208	3,653,632	53,785	-	9,810	176,393	11,389	1,863	15,504	5,880	11,643,464
Investment properties	69,710	-	-	-	-	-	-	-	-	-	69,710
Intangible assets	1,849,988	71,334	10,005	72	1,125	-	-	257	3,629	37,702	1,974,112
Goodwill	1,032,483	-	-	-	-	-	-	-	-	958,325	1,990,808
Interests in associates	46,038,471	1,038,789	-	-	-	-	-	-	-	384,619	47,461,879
Financial assets at fair value through profit or loss	364,482	-	-	-	-	-	-	-	-	-	364,482
Financial assets at fair value through other comprehensive income	-	177,244	-	-	-	-	-	-	-	-	177,244
Other non-current assets	542,938	341,209	2,358	-	383	58,534	-	-	-	-	945,322
Deferred tax assets	2,233,318	34,113	143,569	500	13,736	-	-	3,230	13,310	-	2,441,776
Total non-current assets	196,378,236	27,264,891	2,076,121	345,019	1,071,560	584,686	2,019,778	759,673	581,309	6,608,947	237,690,220

As at 30 June 2024 (RMB'000)

	The Group (Note 1)	Jiangsu Huadian Group (Note 2)	Guigang Electric Power Group (Note 2)	Shanghai Fuxin (Note 2)	Shanghai Minhang (Note 2)	Fuxin Qinguan (Note 2)	Fuxin Guangzhou (Note 2)	Fuxin Jiangmen (Note 2)	Guangzhou University City (Note 2)	Pro Forma Adjustments (Note 4)	(Note 5)	The Enlarged Group as at 30 June 2024 (Note 6)
Current assets												
Inventories	5,543,522	484,857	185,013	215	641	22	7,425	3,356	3,598	-	-	6,228,649
Trade debtors and bills receivables	10,280,401	2,517,012	150,401	17,274	96,084	1,546	389,337	110,653	57,288	-	-	13,514,945
Deposits, other receivables and prepayments	7,792,435	1,643,836	145,494	185	5,156	35,074	191,594	65,367	16,429	-	-	8,910,305
Tax receivable	57,978	8,227	-	-	-	-	-	-	-	-	-	66,205
Restricted deposits	261,323	89	-	-	-	-	-	6,975	-	-	-	268,387
Cash and cash equivalents	5,267,090	540,756	142,723	26,853	40,556	2,645	63,102	40,567	32,208	(3,738,276)	(43,000)	2,375,224
Total current assets	39,202,749	5,194,777	623,631	44,527	142,437	39,287	651,658	226,918	109,523	(3,738,276)	(43,000)	31,363,715
TOTAL ASSETS	225,380,985	32,459,668	2,699,752	389,546	1,213,997	623,973	2,671,436	986,591	690,832	2,870,671	(43,000)	269,053,935

As at 30 June 2024 (RMB'000)

	The Group (Note 1)	Jiangsu Huadian Group (Note 2)	Guizhou Electric Power Group (Note 2)	Shanghai Fuxin (Note 2)	Shanghai Minhang (Note 2)	Fuxin Qingyuan (Note 2)	Fuxin Guangzhou (Note 2)	Fuxin Jiangmen (Note 2)	Guangzhou University City (Note 2)	Pro Forma Adjustments (Note 4)	(Note 5)	The Enlarged Group as at 30 June 2024
Current liabilities												
Bank loans	29,332,753	6,118,217	99,064	15,092	307,025	22,164	419,723	186,381	113	-	-	36,500,332
Loans from shareholders	1,465,800	201,008	129,266	-	150,912	-	-	-	8,725	-	-	1,954,811
State loans	1,854	-	-	-	-	-	-	-	-	-	-	1,854
Other loans	3,248,080	76,387	139,983	-	-	57	300,261	30,052	-	-	-	3,794,820
Long-term debentures payable - current portion	15,184,057	2,089,225	-	-	-	-	-	-	-	-	-	17,273,282
Short-term debentures payable	1,501,226	1,204,253	-	-	-	-	-	-	-	-	-	2,705,479
Amount due to the parent company	29,630	30,636	-	-	-	-	-	-	-	-	-	60,266
Lease liabilities	79,762	7,323	-	-	190	-	-	58	135	-	-	87,468
Trade creditors and bills payable	9,545,678	1,784,014	61,039	10,644	83,193	87,617	55,033	14,235	46,898	-	(525,382)	11,162,969
Other payables and contract liabilities	6,109,933	3,699,448	34,822	2,970	9,681	4,279	72,221	18,151	23,326	-	(565,134)	11,208,832
Tax payable	186,999	14,926	-	2,965	3,874	-	1,599	-	4,192	-	-	214,555
Other current liabilities	-	150	-	-	-	-	-	-	-	-	-	150
Total current liabilities	66,685,772	15,225,587	464,174	31,671	553,975	114,117	848,837	248,877	83,389	-	(1,090,516)	84,965,018

As at 30 June 2024 (RMB'000)

	The Group (Note 1)	Jiangsu Huadian Group (Note 2)	Guangdong Electric Power Group (Note 2)	Shanghai Fuxin (Note 2)	Shanghai Mimiang (Note 2)	Fuxin Qingyuan (Note 2)	Fuxin Guangzhou (Note 2)	Fuxin Jiangmen (Note 2)	Guangzhou University City (Note 2)	Pro Forma Adjustments (Note 4) (Note 5)	The Enlarged Group as at 30 June 2024 (Note 6)
Non-current liabilities											
Bank loans	48,356,271	4,552,403	598,549	139,000	173,926	334,885	876,640	502,047	140,000	-	55,673,721
Loans from shareholders	4,093,910	1,006,620	30,300	-	-	-	-	-	29,903	-	5,180,733
State loans	43,542	-	-	-	-	-	-	-	-	-	43,542
Other loans	6,303,528	113,500	144,956	-	-	77,500	85,000	37,000	-	-	6,761,484
Long-term debentures payable	5,796,494	998,893	-	-	-	-	-	-	-	-	6,795,387
Lease liabilities	98,582	11,309	-	-	-	-	-	496	605	-	110,992
Provisions	148,704	2,114	-	-	-	-	-	-	-	-	150,818
Deferred government grants	1,386,427	54,066	5,467	16,060	38,252	-	594	-	-	-	1,500,866
Deferred income	2,649,662	-	4,377	-	50,825	-	-	-	-	-	2,704,864
Deferred tax liabilities	1,531,181	11,481	1,536	-	-	-	-	-	-	1,340,423	2,884,641
Retirement benefit obligations	6,438	69,042	-	-	-	-	-	-	-	-	75,480
Other non-current liabilities	-	2,350	-	-	-	-	-	-	2,730	-	5,080
Total non-current liabilities	70,414,739	6,821,778	805,205	155,060	263,003	412,385	902,234	539,543	173,238	1,340,423	81,887,608
Net assets	88,480,474	10,412,303	1,430,373	202,815	397,019	97,471	860,365	198,171	434,205	1,530,248	102,201,309

Notes:

1. The amounts of assets and liabilities of the Group are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2024 as set out in the published interim report of the Company for the period ended 30 June 2024.
2. The amounts are extracted from the audited statements of financial position or combined statements of financial position of the respective Target Companies as of 30 June 2024 as set out in Appendix II to the Circular.
3. Restructuring of the Jiangsu Huadian and Guigang Electric Power

As per sales and purchase agreement entered between Jiangsu Huadian and the controlling shareholder of the Company, China Huadian Corporation Limited* (“China Huadian”) (中國華電集團有限公司) dated 28 October 2024, prior to the completion of the Acquisitions, China Huadian would transfer assets and liabilities of a branch to Jiangsu Huadian; and pursuant to the sales and purchase agreements entered between Guigang Electric Power and Fujian Huadian Furui Energy Development Co., Ltd.* (福建華電福瑞能源發展有限公司) (“Fujian Furui”), a wholly-owned subsidiary of China Huadian dated 24 October 2024, Guigang Electric Power would acquire 100% equity interests in Huadian Nanning New Energy Co., Ltd* (華電南寧新能源有限公司) and 80% equity interest in Hubei Huadian Creative World New Energy Co., Ltd.* (湖北華電創意天地新能源有限公司) from Fujian Furui (collectively referred as the “Restructuring”).

The Restructuring will be settled by cash in aggregate amount of approximately RMB1,799,135,000. The Restructuring was completed before the date of this report. The total consideration will be settled by the internal resources of Jiangsu Huadian and Guigang Electric Power. The pro forma adjustment reflects the settlement of aggregate cash consideration of RMB1,799,135,000 in relation to the Restructuring as if the Restructuring has completed on 30 June 2024.

4. The adjustments are to reflect the effect of completion of the Acquisitions, as if the Acquisitions had completed on 30 June 2024.

The Group has applied the acquisition method in accordance with International Financial Reporting Standard 3 (Revised) Business Combinations (“IFRS 3”) issued by the International Accounting Standards Board to account for the Acquisitions as if the Acquisitions had been completed on 30 June 2024. For the purpose of the Unaudited Pro Forma Financial Information, the Purchase Consideration is determined based on the estimates of the fair values of the identifiable assets and liabilities of the Target Group made by the directors of the Company, and by reference to the valuation reports issued by independent qualified valuers, as if the Acquisition was completed on the 30 June 2024. The identifiable assets and liabilities and the provisional goodwill arising from the Acquisitions are calculated as follows:

	<i>Notes</i>	<i>RMB'000</i>
Purchase Consideration	<i>a</i>	<u>7,166,535</u>
Net assets of the Target Group as at 30 June 2024		12,233,587
Add: Fair value adjustments	<i>b</i>	
– Property, plant and equipment		3,915,802
– Right-of-use assets		1,306,619
– Construction in progress		5,880
– Interest in associates		384,619
– Intangible assets		37,702
– Deferred tax arising from the net fair value increase in assets	<i>c</i>	<u>(1,340,423)</u>
Fair value of identifiable assets acquired and liabilities assumed		<u><u>16,543,786</u></u>
Less: Non-controlling interests	<i>d</i>	10,335,576
Pro forma value of net assets acquired		<u>6,208,210</u>
Goodwill arising from the Acquisitions (the “Goodwill”)	<i>e</i>	<u><u>958,325</u></u>

Notes:

- (a) The Purchase Consideration represented the cash consideration of RMB3,738,276,000 and the fair value of A-share of approximately RMB3,428,259,000, which is valued based on the issue price of RMB5.05 per Consideration Share as defined in the Circular. Upon the completion of the Acquisitions on fulfilment of the conditions as stipulated in the acquisition agreements, the fair value of the 678,863,257 A-shares issued as consideration shall be measured at the fair value of A-share at the completion date.
- (b) For the purpose of the Unaudited Pro Forma Financial Information of the Enlarge Group, in the opinion of the directors of the Company, the Target Group's fair values of the assets and liabilities being acquired is subject to changes upon completion of the Acquisition because the fair value of the assets and liabilities being acquired shall be assessed at the completion date.

The directors of the Company have determined the fair value of the identifiable assets and liabilities of the Target Group as at 30 June 2024 with reference to valuations conducted by Beijing China Enterprise Appraisals Co., Ltd* (北京中企華資產評估有限責任公司) and China Alliance Appraisal Co., Ltd.* (北京中同華資產評估有限公司). The Unaudited Pro Forma Financial Information of the Enlarged Group is prepared solely for illustrative purposes.

- (c) Deferred tax liabilities relating to the pro forma fair value adjustments is calculated at the Applicable PRC Enterprise income tax rate of 25% or 15%.
- (d) The adjustment represents the Target Group's net asset values' proportionate shared by the non-controlling interests of approximately RMB5,535,576,000 as well as the reclassification of perpetual capital securities held by Jiangsu Huadian of RMB4,800,000,000 to non-controlling interests as it is equity in a subsidiary not attributable directly or indirectly to a parent.
- (e) According to the Group's accounting policy, after initial recognition, goodwill will be measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill is, from the acquisition date, allocated to one of the Enlarged Group's cash generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Enlarged Group are assigned to those units or groups of units.

Further, according to the Group's accounting policy, impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash generating units) is less than the carrying amount, an impairment loss will be recognised. An impairment loss recognised for the goodwill will not be reversed in a subsequent period.

In the preparation of this Unaudited Pro Forma Financial Information of the Company, the directors of the Company had performed an impairment assessment of the goodwill in accordance with IAS 36 Impairment of Assets and the Group's accounting policy. Based on the impairment assessment, the recoverable amount of the cash-generating unit in which the Target Group was assigned exceeds its carrying amount and accordingly, no pro forma adjustment in respect of goodwill impairment is made by the directors of the Company in the Unaudited Pro Forma Financial Information for the Enlarged Group. Based on the assessment results, the directors of the Company concluded that there is no impairment in goodwill if the Acquisitions had been completed on 30 June 2024. The goodwill impairment assessment will be conducted upon actual completion of the Acquisitions.

- 5. The adjustment represents the estimated transaction costs, including legal and professional fees of approximately RMB43,000,000 that are directly attributable to the Acquisitions and will be settled by cash.
- 6. The adjustment is to eliminate intra-group balances between the Group and the Target Companies.
- 7. Apart from the Restructuring stated in note 3 and the Acquisitions, no adjustments have been made to adjust any trading results or other transactions of the Enlarged Group subsequent to 30 June 2024.

* For identification purposes only